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E.O. 12065:RDS-1 11/9/01 (EAGLEBURGER, LAWRENCE S.)

TAGS:PEPR, PINT, DL

SUBJECT: POLISH AMBASSADOR'S VIEWS ON CURRENT
ECONOMIC SITUATION AND STATUS OF POLISH REQUEST FOR
AGRICULTURAL COMMODITIES

1. (S-ENTIRE TEXT)

2. SUMMARY. POLISH AMBASSADOR SPASOWSKI CONFIRMED TO
ASSISTANT SECRETARY EAGLEBURGER ON NOVEMBER 7 THAT
POLAND WILL MAKE OFFICIAL APPLICATION FOR MEMBERSHIP IN
THE IMF NEXT WEEK. HE ALSO SAID VICE PREMIER MADEJ
WILL COME TO WASHINGTON DECEMBER 7 IN HIS ROLE AS
POLISH CO-CHAIRMAN OF THE POLISH-U.S. ECONOMIC
COMMISSION AT THE INVITATION OF SECRETARY BALDRIGE.
MADEJ'S PRINCIPAL MISSION WILL BE TO SEEK THE U.S.
ANSWER TO POLAND'S OUTSTANDING REQUEST FOR DOLLARS 740
MILLION IN U.S. AGRICULTURAL COMMODITIES ON THE BEST
POSSIBLE TERMS. FINALLY, SPASOWSKI REPORTED THAT A
FIVE OR SIX MAN SOLIDARITY DELEGATION OF EXPERTS MAY
VISIT WASHINGTON IN MID DECEMBER FOR CONSULTATIONS ON
POSSIBILITIES FOR THE REFORM OF POLISH AGRICULTURE.
END SUMMARY.

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State Dept. review completed

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3. POLISH AMBASSADOR SPASOWSKI CALLED ON ASSISTANT

SECRETARY EAGLEBURGER ON NOVEMBER 7. DAS SCANLAN AND EE DIRECTOR DAVIS WERE ALSO PRESENT. HE DESCRIBED THE FORTHCOMING VISIT OF DEPUTY PRIME MINISTER MADEJ, CHAIRMAN OF THE POLISH PLANNING COMMISSION, SCHEDULED FOR DECEMBER 7, AS THE KEY TO OUR FUTURE ECONOMIC RELATIONS AND THE OCCASION ON WHICH THE POLES HOPED TO RECEIVE AN ANSWER TO THEIR REQUEST FOR DOLLARS 740 MILLION OF U.S. AGRICULTURAL COMMODITIES ON THE "BEST POSSIBLE TERMS." HE NOTED THAT THE VISIT WOULD OFFICIALLY BE PART OF A SERIES OF MEETINGS OF THE POLISH AMERICAN MIXED ECONOMIC COMMISSION, OF WHICH MADEJ IS NOW POLISH CHAIRMAN. HE EXPRESSED APPRECIATION FOR THE INVITATION EXTENDED BY SECRETARY BALDRIGE, WHO WILL ACT AS HOST. IT HAS NOT YET BEEN DECIDED WHETHER THE TALKS WILL BE CONSIDERED AN EXECUTIVE SESSION OF THE COMMISSION OR MERELY A MEETING OF CHAIRMEN OF THE U.S. AND POLISH SIDES.

4. SPASOWSKI SAID THAT THE MADEJ VISIT WOULD TAKE ON PARTICULAR SIGNIFICANCE IN VIEW OF THE POLISH GOVERNMENT'S DECISION TO APPLY FOR IMF MEMBERSHIP, OF WHICH HE HAD JUST BEEN OFFICIALLY INFORMED BY WARSAW. MESSRS. KARZ AND RACZKOWSKI WILL ARRIVE IN WASHINGTON ON NOVEMBER 10 FOR TALKS WITH IMF OFFICIALS PREPARATORY TO SUBMITTING THE FORMAL MEMBERSHIP APPLICATION. SPASOWSKI NOTED THAT THE DECISION TO APPLY WAS THE RESULT OF A LONG AND PAINFUL PROCESS. HE REFERRED TO THE AGGRESSIVELY ANTI-IMF ARTICLE WHICH RECENTLY APPEARED IN ZOLNIERZ WOLNOSCI AND REMARKED THAT ONE MUST BE CAREFUL IN TODAY'S POLAND NOT TO RELY ON THE OFFICIAL NATURE OF OPINIONS EXPRESSED IN THE MEDIA SINCE CONFLICTING VIEWS NOW HAVE FREE PLAY. THE PAPER, ALTHOUGH IT IS THE OFFICIAL ARMY JOURNAL, DID NOT REFLECT JARUZELSKI'S VIEWS IN THIS INSTANCE. SPASOWSKI CITED FOREIGN MINISTER CZYREK'S MEETING WITH WILLIAM MILLER AS A FACTOR IN THE POLISH DECISION, SAYING THAT MILLER'S VERY PROFESSIONAL PRESENTATION OF THE ADVANTAGES AND POSSIBILITIES ARISING FROM IMF-IBRD

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MEMBERSHIP WERE MOST CERTAINLY CONVEYED TO JARUZELSKI. THE FINAL ELEMENT IN THE DECISION WAS THE HUNGARIAN ANNOUNCEMENT OF ITS DECISION TO SEEK MEMBERSHIP WHICH MAY HAVE RESOLVED LAST DOUBTS. (SPASOWSKI NEVER ALLUDED TO THE SOVIET ATTITUDE TOWARDS POLAND'S DECISION BUT, WHEN ASKED IN THE CORRIDOR AFTERWARD, MERELY SHURGGED AND SAID "WHO KNOWS.?")

5. THE AMBASSADOR SPOKE OF THE HISTORICAL IMPORTANCE OF THE MEETING IN WARSAW LAST WEDNESDAY OF JARUZELSKI, GLEMP AND WALESA. POLISH HISTORY CONTAINED NO SIMILAR

INSTANCE, HE SAID. THE MEETING REFLECTS THE REAL ALIGNMENT OF FORCES IN POLAND WITHOUT ARTIFICIALITY. IT DID NOT TAKE PLACE IN THE CONTEXT OF THE SO-CALLED UNITED FRONT WHICH INCLUDES SMALL PUPPET PARTIES. JARUZELSKI CAN AND DID SPEAK WITH AUTHORITY FOR THE PARTY, GOVERNMENT, AND THE ARMY. THE MEETING SHOULD SERVE AS AN INSPIRATION TO THE PEOPLE THROUGHOUT THE COUNTRY AND FOSTER A SPIRIT OF COOPERATION AT LOWER LEVELS OF SOCIETY. IT AUGURED WELL FOR THE PROSPECT - OF AGREEMENT ON HOW TO ATTACK ECONOMIC PROBLEMS AND DEAL WITH THE CATASTROPHIC ECONOMIC SITUATION.

6. SPASOWSKI SAID THE MADEJ VISIT WOULD BE THE KEY TO ECONOMIC RELATIONS FOR THE NEXT YEAR. WHILE MADEJ HAD BEEN CLOSELY ASSOCIATED WITH THE ECONOMIC POLICIES WHICH LED UP TO THE PRESENT FIASCO, HE IS NEVERTHELESS THE MAN CHOSEN TO SEEK THE OFFICIAL U.S. ANSWER TO POLAND'S AID REQUEST. HIS FORMAL TALKS WITH SECRETARY BALDRIGE SHOULD NOT OCCUPY MUCH TIME SINCE THE COMMISSION HAS LITTLE BUSINESS TO TRANSACT. HIS OVERRIDING OBJECTIVE IS TO SECURE THE PURCHASE OF THE DOLLARS 740 MILLION IN AGRICULTURAL COMMODITIES. POLAND HAS ASKED FOR "THE BEST POSSIBLE TERMS" AND SPASOWSKI HOPES THIS CAN BE INTERPRETED AS EITHER SALES FOR ZLOTYS OR HARD CURRENCY SALES PAYABLE OVER A LONG TERM WITH A SUBSTANTIAL GRACE PERIOD. SPASOWSKI ASKED THAT MADEJ MEET WITH THE VICE PRESIDENT (AS HAD VICE PREMIER JAGIELSKI), AND WITH THE SECRETARIES OF STATE, AGRICULTURE AND TREASURY. HE FELT TREASURY WOULD BE AN

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IMPORTANT APPOINTMENT BOTH BECAUSE OF THE IMF APPLICATION AND BECAUSE HE BELIEVED TREASURY MIGHT ADOPT A NEGATIVE ATTITUDE TOWARD THE REQUESTED GRAIN SALES FOR FISCAL REASONS. HE FELT IT WOULD BE USEFUL TO EXPOSE MADEJ TO THE TREASURY VIEW. WE KNOW THAT RELATIONS WITH POLAND HAVE MORE ELEMENTS THAN JUST THE FISCAL. HE ADDED.

7. EAGLEBURGER EXPRESSED AGREEMENT ON THE PROPOSED PROGRAM. WE WILL SEEK TO ARRANGE THE APPOINTMENTS REQUESTED. HE NOTED THAT SECRETARY HAIG MAY BE OUT OF TOWN IN WHICH CASE WE WOULD SEEK AN APPOINTMENT WITH DEPUTY SECRETARY CLARK. MADEJ SHOULD ALSO SEE ASSISTANT SECRETARY HORMATS. WE WOULD DO EVERYTHING POSSIBLE TO MAKE THE VISIT WORK.

8. THERE FOLLOWED A DISCUSSION OF THE PROPOSED VISIT OF A GROUP OF FIVE OR SIX SOLIDARITY EXPERTS ON ECONOMICS, LAW AND AGRICULTURE WHICH HAD INITIALLY BEEN INTENDED TO ACCOMPANY WALESIA ON HIS CANCELLED VISIT TO

THE U.S. SPASOWSKI INDICATED THAT THEY WOULD NOW BE COMING AFTER MADEJ, SOMETIME IN MID DECEMBER. IT HAD NOT YET BEEN DETERMINED ON WHOSE INVITATION THEY WOULD COME, BUT HE HOPED THEIR VISIT WOULD BE FRUITFUL AND THAT TALKS COULD BE ARRANGED UNDER THE AEGIS OF SOME UNIVERSITY FACULTY OF AGRICULTURE OR THE COOPERATIVE FARM MOVEMENT, ALTHOUGH THE LATTER PRESENTED SOME DIFFICULTIES BECAUSE OF THE ASSOCIATION OF COOPERATIVES IN THE POLISH MINDS WITH STATE FARMS. REFORM OF POLISH AGRICULTURE WAS VITAL, SPASOWSKI SAID. IF SUPPLIES-DID NOT IMPROVE AND THIS WAS A COLD WINTER, THERE COULD BE GREAT SUFFERING AND EVEN DEATH THROUGHOUT POLAND. THE SOLIDARITY GROUP WOULD BE PREPARED TO TALK ABOUT EITHER IMMEDIATE ASSISTANCE OR THE LONGER TERM. THE IMPORTANT THING WAS NOT TO LOSE ANOTHER YEAR IN DOING SOMETHING ABOUT AGRICULTURE. THE POLISH MINISTRY OF AGRICULTURE CONTAINED SOME OF THE MOST HARDLINE PEOPLE IN THE GOVERNMENT. HE HOPED WE WOULD IMPRESS UPON MADEJ THE NECESSITY FOR REFORMS AND INCREASED PRODUCTIVITY IN POLISH AGRICULTURE.

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9. MR. SCANLAN NOTED THAT WE MAY BE ABLE TO ACT AS A CATALYST, BUT WILL NEED HELP AND COOPERATION FROM INDIVIDUALS AND GROUPS INTERESTED IN POLISH-AMERICAN RELATIONS. THE GOVERNMENT CANNOT SPONSOR THE VISIT OF THIS SOLIDARITY DELEGATION. WE WILL EXPLORE-VARIOUS POSSIBILITIES WITH DALE HATHAWAY, WILLIAM MILLER AND BOB BERGLAND OF FARMLAND.

10. SUBSEQUENTLY, KOWALIK, A SOLIDARITY ECONOMIST WHO IS CURRENTLY AT THE WILSON CENTER, SPOKE WITH THE DEPARTMENT ABOUT MEETINGS WITH GOVERNMENT OFFICIALS FOR THOSE INDIVIDUALS. AND WAS INFORMED THAT WHILE THE USG COULD NOT SPONSOR THEIR VISIT, WE WOULD BE WILLING TO SET UP APPONTMENTS WITH USG OFFICIALS. (AS SOON AS NAMES OF SOLIDARITY GROUP ARE KNOWN, EMBASSY SHOULD SUPPLY AVAILABLE BIO MATERIAL ON THEM.)

11. COMMENT: WE WOULD BE GLAD TO HAVE THE EMBASSY'S VIEWS ON MADEJ WHO SEEMS FROM HIS BIOGRAPHICAL DATA TO BE A VERY ORTHODOX PARTY MAN
HAIG

END OF MESSAGE

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